

Message Text

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TO USDEL MTN GENEVA

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FOL RPT BELGRADE 3713 ACTION SECSTATE JUN 8

QUOTE: UNCLAS BELGRADE 3713

E.O. 11652: N/A

TAGS: BGEN, ETRD, YO

SUBJ: YUGOSLAV INTEREST IN GSP

REF: BELGRADE 3356

1. FOLLOWING IS FULL TEXT FOREIGN TRADE SECRETARY LIDVIGER
LETTER TO AMBASSADOR DENT (REFTEL). LETTER HAS BEEN
ACKNOWLEDGED.

2. QUOTE:

SHORTLY BEFORE THE IMPLEMENTATION OF THE UNITED
STATES GENERALIZED SYSTEM OF PREFERENCES ON JANUARY 1, 1976.,
I HAD A PLEASURE TO RECEIVE A LETTER FROM YOU POINTING OUT
MAIN FEATURES OF THE US PREFERENTIAL SYSTEM AND YOUR VIEWS ON
THE IMPORTANCE OF THIS SYSTEM FOR DEVELOPING COUNTRIES, INCLU
DING YUGOSLAVIA AS WELL, VIEWS WHICH ENCOURAGE AND GIVE ASSURA-
NCES FOR SUCCESSFUL MULTILATERAL COOPERATION IN TRADE MATTERS.

WITH THIS OPPORTUNITY I WISH FIRST OF ALL TO CON-
FIRM THE EXTRAORDINARY IMPORTANCE WHICH YUGOSLAVIA ATTACHES
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TO THE IMPLEMENTATION OF THE U.S. GENERALIZED SYSTEM OF PRE-

FERENCES. WE ARE CONVINCED THAT THIS IS AN IMPORTANT STEP FORWARD FOR CARRYING INTO EFFECT THE DECISIONS TAKEN IN UCTAD AND FOR ACCOMPLISHING THE OBJECTIVES OF THE GSP: DIVERSIFICATION OF EXPORTS OF THE DEVELOPING COUNTRIES, INCREASE OF THEIR EXPORT EARNINGS AND PROMOTION OF THE INDUSTRIALIZATION OF THOSE COUNTRIES. I SHARE COMPLETELY YOUR VIEW THAT THE SYSTEM OFFERS NEW TRADE OPPORTUNITIES TO DEVELOPING COUNTRIES AND I BELIEVE THAT THE U.S. GENERALIZED SYSTEM OF PREFERENCES WILL GIVE FURTHER INCENTIVE TO YUGOSLAV EXPORTS TO THE UNITED STATES, RAISING PROGRESSIVELY TRADE IN BOTH WAYS TO A HIGHER LEVEL.

NOW, AFTER THREE FULL MONTHS HAVE ELAPSED SINCE THE PRACTICAL APPLICATION OF THE U.S. PREFERENTIAL SYSTEM, WE HAVE HAD THE OPPORTUNITY TO GET A BETTER KNOWLEDGE OF THE MODALITIES OF ITS APPLICATION AND TO SEE CERTAIN DEVELOPMENTS, WHICH, IN THIS MOMENT, ARE A MATTER OF OUR SERIOUS CONCERN.

IT CONCERNS THE POSITION OF A YUGOSLAV INDUSTRY, THE CAPACITIES OF WHICH ARE CONSTRUCTED AND PRODUCTION SPECIALIZED FOR EXPORTS TO THE UNITED STATES, ACCORDING TO THE DEMAND AND REQUIREMENTS OF AMERICAN CONSUMERS. IT IS THE QUESTION OF EXPORTS OF CHAIRS (TSUS 727.30), FOR THE PRODUCTION OF WHICH YUGOSLAV BEECH TREE UNDERGOES PROCESSES TO OBTAIN THE HIGHEST QUALITY OF WOOD. THE EXPORTS INCLUDE BOTH COMMON CHAIRS AND ROCKING-CHAIRS.

UNDER THE COMPETITIVE NEED CRITERIA THERE IS A DANGER OF SUSPENSION OF THE PREFERENTIAL TREATMENT FOR THIS ITEM. IN THE NEXT YEAR, SINCE WE ESTIMATE THAT THE EXPORTS IN THIS YEAR COULD SURPASS THE AMOUNT OF 25 MILLION DOLLARS, THE SUSPENSION OF THE PREFERENTIAL TREATMENT UNDER THE GSP WOULD HAVE SERIOUS CONSEQUENCES FOR THE INDUSTRY AS A WHOLE.

I AM WRITING TO YOU ABOUT THIS PROBLEM WITH INTENTION THAT WE JOINTLY EXAMINE POSSIBLE WAYS TO OVERCOME IT SO THAT YUGOSLAV INDUSTRIES MIGHT CONTINUE TO EXPORT THE CHAIRS AND ROCKING CHAIRS UNDER THE US GSP. TO OUR OPINION, ONE POSSIBILITY WOULD BE TO WAIVE THE APPLICATION OF THE UNCLASSIFIED

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COMPETITIVE NEED CRITERIA FOR THESE PRODUCTS. THE OTHER POSSIBILITY WHICH WE WOULD LIKE TO PROPOSE TO YOU IS TO CONSIDER THE MODIFICATION OF THE ISUS ITEM 727.30 IN A WAY WHICH WOULD LEAD TO THE SUBDIVISION TO THE ITEMS "ROCKING CHAIRS (OF BEECH WOOD)" AND "OTHER CHAIRS".

ANOTHER DEVELOPMENT WHICH GIVES RISE TO OUR PREOCCUPATIONS IS THE INFORMATION WE HAVE JUST RECEIVED FROM

THE U.S. EMBASSY IN BELGRADE, THAT THERE IS A NUMBER OF REQUESTS BEFORE THE U.S. TRADE POLICY STAFF COMMITTEE TO REVIEW THE ELIGIBILITY OF CERTAIN ARTICLES NOW COVERED BY THE U.S. GSP. IN THE LIST THERE ARE SEVERAL ITEMS OF EXPORT INTEREST TO YUGOSLAVIA, SUCH AS: WEARING APPAREL OF LEATHER, FERRO-ALLOYS (FERRO-MANGANESE, FERROSILICON, FERROSILICON MANGANESE). WOOD DOORS PIG AND HOG LEATHER, WHILE THEY ARE IMPORTANT ITEMS FROM THE POINT OF VIEW OF YUGOSLAV EXPORTS, THE QUANTITIES EXPORTED TO THE UNITED STATES OF EACH OF THESE ARTICLES ARE NOT, WE BELIEVE SUCH AS TO GIVE REASONS TO QUALIFY THEM AS IMPORT-SENSITIVE ARTICLES. THE TOTAL VALUE OF YUGOSLAV EXPORTS TO THE UNITED STATES OF ALL MENTIONED ARTICLES WAS 14 MILLION \$ IN 1974, AND BARELY 7 MILLION \$ IN 1975. I THEREFORE ADDRESS MYSELF TO YOU IN THE HOPE THAT WITH YOUR INFLUENCE AND SUPPORT YOU MAY CONTRIBUTE TO THE FINAL OUTCOME OF THE PROCEDURE ENVISAGED. IN A WAY WHICH WOULD BE FAVOURABLE TO THE BENEFICIARY DEVELOPING COUNTRIES, I.E. TO THE MAINTENANCE OF THESE PRODUCTS IN THE GSP.

MAY I ON THIS OCCASION EXPRESS ALSO OUR INTEREST TO SEE ORIENTAL TOBACCO INCLUDED IN THE U.S. GSP. THE ORIENTAL TOBACCO WHICH IS CULTIVATED IN THE LEAST DEVELOPED REGIONS OF YUGOSLAVIA, REPRESENTS FOR SOME SEGMENTS OF POPULATION IN SUCH REGIONS THE ONLY SOURCE OF INCOME; THE MAINTENANCE OF EXPORTS OF THIS ARTICLE IS, THEREFORE, A VITAL SOCIAL QUESTION FOR US, AND THE FACILITIES GRANTED TO THIS ARTICLE THROUGH THE GSP WOULD BE OF ENORMOUS SIGNIFICANCE.

HAVING EXPOSED TO YOU THIS COUPLE OF PROBLEMS WE ENCOUNTER IN THIS MEMENT, I WOULD APPRECIATE VERY MUCH TO HEAR YOUR OPINION AND YOUR COMMENTS, AS WELL AS POSSIBLE YOUR SUGGESTIONS OR RECOMMENDATIONS ON HOW, IN MUTUAL COOPERATION

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TION, WE COULD FIND SOLUTIONS FOR THEM. I SINCERELY BELIEVE THAT YOU UNDERSTAND THE POSITION AND PROBLEMS OF DEVELOPING COUNTRIES AND THAT YOUR SUPPORT IN SEEKING SOLUTIONS TO THEIR PARTICULAR PROBLEMS IS OF VALUABLE CONSEQUENCE. I AM ALSO CONVINCED THAT YOU UNDERSTAND OUR PREOCCUPATIONS AND THAT YOU SHARE MY VIEW THAT WITH COOPERATION IT IS POSSIBLE TO COME TO SATISFACTORY SOLUTIONS WHICH CAN CONTRIBUTE TO THE PROMOTION OF TRADE RELATIONS BETWEEN THE UNITED STATES AND YUGOSLAVIA. UNQUOTE:

3. ACTION REQUESTED: STR REPLY.
SILBERMAN

UNQUOTE KISSINGER

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